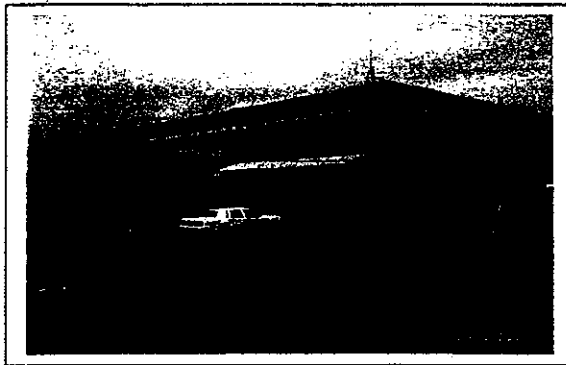


## **ATTACHMENT D**

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**LAMB HANSON LAMB**  
**APPRAISAL ASSOCIATES, INC.**

*Professional Appraisers and Consultants*



**COMPLETE SUMMARY APPRAISAL OF**

**EXISTING WAREHOUSE AND LIGHT MANUFACTURING BUILDING**

**6335 1<sup>st</sup> Avenue South**

**SEATTLE, WASHINGTON 98108**

**FOR**

MR. CLIFFORD R. SULLAM  
ASSISTANT VICE PRESIDENT  
HSBC BANK CANADA  
700 FIFTH AVENUE, SUITE 4100  
SEATTLE WA 98104

**AS OF**

APRIL 20, 2000

**JOB NO.**

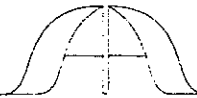
**S000-537**

**PREPARED BY**

ROGER A. HARMAN  
APPRAISER AND CONSULTANT

MICHAEL B. LAMB, MAI, SRA  
REVIEW APPRAISER

John Skan, Research



**LAMB HANSON LAMB**  
**APPRAISAL ASSOCIATES, INC.**  
*Professional Appraisers and Consultants*

April 28, 2000

Mr. Clifford R. Sullam  
Assistant Vice President  
HSBC Bank Canada  
700 Fifth Avenue, Suite 4100  
Seattle WA 98104

Re: Existing warehouse and light manufacturing facility  
6335 1<sup>st</sup> Avenue South  
Seattle WA 98108

Dear Mr. Sullam:

As requested, we have made an investigation and analysis of the above captioned property, more particularly described in detail within the following report. **The purpose of this report is to express an opinion of the Market Value of the property as a fee simple estate, clear of all encumbrances except normal loan financing in the property for mortgage financing purposes.**

In our opinion of Market Value, consideration was given to all known pertinent data including market trends and economic and general conditions affecting current market value. In the final analysis, the entire subject property has an estimated Market Value as of April 20, 2000 as follows:

**FEE SIMPLE ESTATE**

**THREE MILLION FOUR HUNDRED THOUSAND DOLLARS**  
**\$ 3,400,000**

Less 4 Month Lease Up at 10%  
 $\$3,400,000 \times .967349 = \$3,288,987 =$

**THREE MILLION THREE HUNDRED THOUSAND DOLLARS**  
**\$3,300,000 (rounded)**

NOTE: the engagement agreement calls for an ESTIMATE OF MARKET VALUE for a FEE SIMPLE ESTATE. The subject is currently a single tenant facility occupied by the owner, Lone Star (Glacier) Northwest, without a lease. Therefore we have estimated the Market Value as a FEE SIMPLE ESTATE. There is a leaseback by the seller as addressed within (see addendum).

The appraisal includes both the land and the existing improvements. It does not include any equipment, stock, inventory, tools, furniture, or any other items, movable or immovable, of a personal nature.

Market Value, as used in this report, is defined as the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. This appraisal has been prepared in conformance with the Uniform Standards of Professional Appraisal Practice as adopted by the Appraisal Standards Board of the Appraisal Foundation.

This appraisal is intended to comply with the regulations and requirements of the Financial Institutions Reform, Recovery and Enforcement Act of 1989. Also, with the Final Rule regarding the appraisal of real estate dated June 7, 1994, with the Uniform Standards of Professional Appraisal Practice. This has been adopted by the Appraisal Foundation and the Appraisal Standards contained in Section 323 of the FDIC Rules and Regulations and the First Mutual Bank Appraisal Policy & Procedures Guide.

If you have any questions regarding the contents of this letter or the accompanying report, please do not hesitate to call. Thank you for the opportunity to be of service.

---

### SCOPE OF APPRAISAL

A personal inspection was made of the property and consideration was given to:

1. Location, size, topography, zoning and utility of the land and its value as if vacant and available for sale and use.
2. Sales and asking prices of vacant and available land and comparable improved properties and lease rates in the area of the Subject. Public records and office files have been researched for market data. Unless otherwise noted, the utilized sales have been personally confirmed with one of the parties to each transaction or their agent.
3. Interviews and conferences with property owners, property managers, Realtors, appraisers and developers.
4. Population growth trends; industrial, commercial and residential development trends in the area.

Our report consists of:

1. This letter which identifies the property, summarizes the results of the appraisal and certifies the conclusions contained herein for the vacant land and provides investment analysis within highest and best use for the interim and long term.
2. Assumptions and limiting conditions. Reliance on this report is restricted to the client only.
3. A narrative section which contains local background and economic data, a description of the Subject property, a discussion of valuation procedures and a conclusion of value.

- 
4. An Addendum which contains: Appraisal Order, Appraiser's Qualifications, Flood Plain Information, Assessor Information, Lease Information, Owner Supplied Financial Data, and miscellaneous exhibits.

We have not investigated the title to or any liabilities against the vacant land appraised. We have not performed any environmental testing. We have disclosed potential environmental issues within this report.

---

## CERTIFICATION

We, the undersigned, do hereby certify that, except as otherwise noted in this appraisal report:

1. We have no present or contemplated future interest in the real estate that is the subject of this appraisal report.
2. That we have no personal interest or bias with respect to the subject matter of this appraisal report nor to the parties involved.
3. To the best of our knowledge and belief, the statements of fact contained in this appraisal report, upon which the analyses, opinions and conclusions expressed herein are based, are true and correct.
4. This appraisal report sets forth all of the limiting conditions (imposed by the terms of our assignment or by the undersigned) affecting the analyses, opinions and conclusions contained in this report.
5. This appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute. We certify that, to the best of our knowledge and belief, our analyses, and conclusions were developed, and this report has been prepared, in accordance with the Uniform Standards of Professional Appraisal Practice as adopted by the Appraisal Standards Board of the Appraisal Foundation.
6. No one other than the undersigned prepared the analyses, conclusions and opinions concerning real estate that are set forth in this appraisal report. Kurt Engstrom has made a personal inspection of the property that is the subject of this report. Michael B. Lamb didn't inspect the subject property.
7. In arriving at the analyses, conclusions and opinions concerning real estate contained in this appraisal report, we consulted with other appraisers, and we hereby acknowledge their professional contribution to the analyses conclusions and opinions concerning real estate set forth in the appraisal report.
8. The Appraisal Institute conducts a voluntary program of continuing education for its designated members. MAIs and SRAs who meet the minimum standards of this program are awarded periodic educational certification. As of the date of this report, Michael B. Lamb, MAI, SRA has completed the requirements of the continuing education program of the Appraisal Institute.
9. Possession of this report, a copy, or any part thereof does not carry with it the right of publication. Disclosure of the contents of this report is governed by the by-laws and Regulations of the Appraisal Institute. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

The property has been appraised for its fair market value as though owned in fee simple leasehold estate, or as encumbered only by the existing easements.

The opinion of value expressed below is the result of, and is subject to the data and conditions described in detail in this report.

Roger Harman, Michael B. Lamb, MAI, SRA and John Skan made a personal inspection of the property that is the Subject of this report on various dates including April 20, 2000.

The Date of Value for the property that is the Subject of this appraisal is per the FAIR MARKET VALUE definition herein for the FEE SIMPLE ESTATE, the value conclusions for the property that is the Subject of this appraisal are on a cash basis and are:

**MARKET VALUE, FEE SIMPLE ESTATE: \$3,400,000 (rounded),**

a) "As Is" FEE SIMPLE ESTATE As of April 20, 2000:

**THREE MILLION FOUR HUNDRED THOUSAND DOLLARS  
\$ 3,400,000**

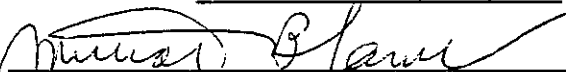
Less 4 Month Lease Up at 10%  
 $\$3,400,000 \times .967349 = \$3,288,987 =$

**THREE MILLION THREE HUNDRED THOUSAND DOLLARS  
\$3,300,000 (rounded)**

Date of Contract: March 29, 2000

Supervising Appraiser:

Name: Michael B. Lamb, MAI, SRA



Signature:

Date: April 28, 2000

Washington State-Certified general

Real Estate Appraiser Certification Number:

# (b) (6)

Name: Roger A. Harman, MBA, CHB

Signature:

Date: April 28, 2000

Appraiser and Consultant

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## UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS

1. The furnished legal description is assumed to be correct. The appraiser assumes no responsibility for matters of a legal nature affecting the property appraised or title thereto, nor does the appraiser render any opinion as to title, which is assumed to be good and marketable. All existing liens, encumbrances, and assessments have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.
2. The exhibits in this report are included to assist the reader in visualizing the property. The appraiser has made no survey of the property and assumes no responsibility in connection with such matters.
3. Unless otherwise noted herein, it is assumed that there are no encroachments, zoning or restrictive violations existing in the Subject property.
4. The appraiser assumes no responsibility for determining if the property requires environmental approval by the appropriate governing agencies nor if it is in violation thereof, unless noted herein.
5. Information, estimates, and opinions contained in this report were obtained from sources considered reliable and are believed to be true and correct. However, the appraiser can assume no liability for them.
6. This report shall be used for its intended purpose only and by the parties to whom it is addressed. Possession of this report does not include the right of publication.
7. Neither all nor any part of the content of this report (or copy thereof) shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent or approval of the appraiser. This applies particularly to value conclusions or to the identity of the appraiser or firm with which the appraiser is connected.
8. The appraiser is not required to give testimony or to appear in court by reason of this business valuation, with reference to the property in question, unless arrangements have been previously made therefore.
9. Any distribution of the valuation in the report between land and improvements applies only under the existing program of utilization. The separate valuations for land and improvements must not be used in conjunction with any other business valuation and are invalid if so used.
10. The value estimates are predicated on the assumption that there is not such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
11. The statements of value and all conclusions shall apply as of the dates shown herein.
12. All opinions of market value are those of Lamb Hanson Lamb Appraisal Associates, Inc., based on the facts and data appearing in the report. Lamb Hanson Lamb Appraisal Associates, Inc., assumes no responsibility for changes in market conditions or for the inability of the owner to locate a purchaser at the appraised value.
13. The appraiser assumes that there are no hidden or un-apparent conditions of the property, subsoil or structures, which would render it more or less valuable. The appraiser assumes no responsibility for such conditions or for the engineering, which may be required to discover them.
14. On all appraisals Subject to satisfactory completion, repair, or alterations, the appraisal report and value conclusions are contingent upon completion of the improvements in a workmanlike manner as described herein.

15. All major improvements on the land are assumed to be structurally sound, unless otherwise noted within the body of the report. However, the appraiser is not an engineer and has not been instructed to secure a qualified engineer's certification of the structural soundness of the said improvements or functionality of major appliances or mechanical units. Therefore, no responsibility is accepted for structural or mechanical failures that would not be reasonably obvious within the scope of the appraiser's normal inspection of the specified improvements, or to a prudent purchaser.
16. The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the ADA could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since the appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.
17. The federal government has enacted legislation, referred to as "Megan's Law", that encourages states to disclose to the public the whereabouts of convicted child molesters within the community. These individuals may be transient and therefore the situation may change periodically. While the appraiser has no knowledge of any offenders residing nearby the subject property, the scope of this assignment did not include any investigation into this matter. The client is advised to consult with local law enforcement officials about this issue. The appraiser assumes no responsibility for any issues related to Megan's Law.
18. All other assumptions or conditions stated elsewhere within the body of the report are also made a part of these Assumptions and Limiting Conditions stated herein.
19. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions.
20. The appraisers are in no way responsible for any costs incurred to discover or correct any deficiencies of any type present in the property; physically, financially, and/or legally.
21. In the case of limited partnerships or syndication offerings or stock offerings in real estate, client agrees that in case of lawsuit (brought by lender, partner or part owner in any form of ownership, tenant, or any other party), any and all awards, settlements, or cost of any type in such suit, regardless of outcome, client will hold Lamb Hanson Lamb Appraisal Associates, Inc., its associate appraisers, its employees and affiliated independent contractors completely harmless in such action.
22. The appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report; further, that all applicable zoning, building, use regulations and restrictions of all types have been complied with unless otherwise stated in the report; further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate.
23. The appraiser(s) has inspected as far as possible, by observation, the land and the improvements; however, it was not possible to personally observe conditions beneath the soil or hidden structural, or other components. We have not critically inspected mechanical components within the improvements and no representations are made herein as to these matters unless specifically stated and considered in the report. The value estimate assumes that there are no such conditions that would cause a loss of value. The appraisal is based on



the assumption that there are no hidden, un-apparent, or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. The appraiser and firm have no responsibility for any such conditions or for any expertise and engineering to discover them.

24. Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to the attention of nor did the appraiser(s) become aware of such during the appraisers inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test such substances or conditions. The presence of such substances, such as asbestos, urea formaldehyde foam insulation, or other hazardous substances or environmental conditions, may affect the value of the property. The value estimated is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if so desired. No specific soil bearing tests were furnished or made as a part of this report; however, soil stability and bearing capacity are assumed to be sufficient to permit development.
25. The appraisal of any valuation pertaining to oil or mineral rights and standing timber has not been considered as part of this report, unless otherwise noted.
26. All dimensions and legal descriptions are assumed to be correct as supplied and/or found through available records. Any maps, sketches, Replacements or photographs included in this report are for illustration as an aid in visualizing the property only. If this valuation is prepared in conformance with the plans and specifications provided the appraiser it assumes completion in a workmanlike manner.
27. The appraiser cannot be held responsible for unforeseeable events that alter market conditions prior to completion of effective date of the opinion.
28. All information as found in data furnished or in public records is deemed reliable. If any errors are found, the right is reserved to modify the conclusions reached.
29. This report is based on the premise that the title to the property is good and merchantable, and that there are no liens, clouds or encumbrances against the title. No responsibility is assumed for matters, which are legal in nature. Any liens or encumbrances, which may now exist, have been disregarded, and the property has been appraised as though free of indebtedness and as though no delinquency in payment of general taxes and special assessments exist.
30. It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor super-efficient.
31. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used. The values assigned to improvements shown in this report are in proportion to the contribution said improvements make to the value of the property as a whole. Appraisal reports that contain a valuation relating to an estimate in land that is less than the whole fee simple estate are subject to the following: "the value reported for such estates relates to a fractional interest only in the real estate involved and the value of the fractional interest plus the value of all other fractional interests may or may not equal the value of the entire fee simple estate considered as a whole". Appraised values that relate to geographical portions of a large

parcel or tract of real estate are subject to the following: "the value reported for such geographical portion relates to such portion only and should not be construed as applying with equal validity to other portions of the larger parcel or tract. The value reported for such geographical portion plus the value of all other geographical portions may or may not equal the value of the entire parcel or tract considered as an entity".

32. The appraiser assumes that a purchaser is aware that (1) this appraisal of the Subject property does not serve as a warranty on the condition of the property, (2) it is the responsibility of the purchaser to examine the property carefully and to take all necessary precautions before signing a purchase contract, and (3) any estimate for repairs is a non-warranted opinion of the appraiser(s) unless otherwise stated.
33. The value premises cited in this report are considered foundational and basic to the value opinions reported herein, and the right is hereby reserved by the appraiser to alter, revise and/or rescind any of these said value opinions should subsequent or additional data be found, or in the event the conditions are modified to any extent.
34. The estimated market value, which is defined in the report, is subject to change with market changes over time; value is highly related to exposure, time, promotional effort, terms, motivation, and conditions surrounding the offering. In cases of appraisals involving the capitalization of income benefits, the estimate of market value is a reflection of such benefits and appraisers interpretation of income yields and other factors derived from market information. Where a discounted cash flow analysis has been used, it has been prepared on the basis of information and assumptions stipulated in this report. The achievement of any valuation estimates and financial projections will be affected by fluctuating economic conditions and are dependent upon the occurrence of other future events that cannot be assured. Therefore, the actual results achieved may vary from the projections made and such variation may be material.
35. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or the firm with which they are connected, or any reference to the Appraisal Institute or the MAI designation) shall be disseminated to the public through advertising media, public relations media, news media or any other public means of communications without the prior written consent and approval of the appraiser(s).
36. Prior to entering into an agreement to perform any assignment, an appraiser must carefully consider the knowledge and experience that will be required to complete the assignment competently and either have the knowledge and experience necessary to complete the assignment competently; or with regard to appraisal, review, and analysis, disclose the lack of knowledge or experience to the client, and take all steps necessary or appropriate to complete the assignment competently. The appraiser(s) have both the knowledge and experience required completing this assignment competently.





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### **LIMITATIONS AS TO DISCLOSURE AND USE**

1. Neither all, nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected, or any reference to the Appraisal Institute or to the MAI, or SRA designations, or to the RM, SRPA or SREA designations) shall be used for any purposes by anyone but the client specified in the report, without the previous written consent of the Appraiser. Nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, without the express written consent and approval of the undersigned.
2. On all appraisals subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusions are contingent upon completion of the improvements in a workmanlike manner.
3. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or approval of a loan. Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
4. The client has been advised and has also acknowledged that Title XI of the Federal Financial Institutions Reform, Recovery and Enforcement Act of 1989 requires that all appraisals utilized for Federally related transactions must be ordered directly by a regulated institution or its agent.

## TABLE OF CONTENTS

Title Page	1
Letter of Transmittal and Certification	2
Underlying Assumptions and Limiting Conditions	6
Limitations To Disclosure	10
Table of Contents	11
Summary of Salient Facts and Conclusions	13
Subject Photographs	15
Subject Plat Map	19
Subject Surveyor's Map	20

### PROPERTY IDENTIFICATION

Client	22
Ostensible Owner	22
Property Location and Address	22
Purpose of Appraisal	22
Definition of Property Rights Appraised	23
Effective Date of Appraisal	23
Date of Appraisal	24
Legal Description	24
Delineation of Title	25
Special Assumptions and Limiting Conditions	25

### BACKGROUND DATA

Seattle Map & Data	28
Neighborhood Description & Map	37

### DESCRIPTION OF SUBJECT PROPERTY

Site Description	40
Street Improvements & Access	40
Assessed Value	40
Utilities	40
Zoning	40
Subject Improvements	42
Americans with Disabilities Act	42
Condition and Functional Utility	44
Highest and Best Use	45

### VALUATION OF PROPERTY

Scope of Appraisal - Approaches to Value	50
Cost Approach to Value	51
Sales Comparison Approach to Value	57
Income Approach to Value	63
Seller Sale & Leaseback	66

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Capitalization of Income	68
Reconciliation and Final Conclusions of Value	70

### **SUPPORTING DATA**

Engagement Agreement
Appraiser's Qualification
Assessor's Data
Surveyor's Data & Schematic
Flood Plain
Proposed Leaseback
Client Provided Data

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## SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Property Appraised:	Existing warehouse and light manufacturing building 6335 1 <sup>st</sup> Avenue S., Seattle, Washington 98108								
King County Parcel No.	5367204505								
Thomas Bros.	594-J7								
Purpose of Appraisal:	Estimate Market Value of the property for mortgage financing for a purchase of the property.								
Date of Value:	April 20, 2000								
Date of Appraisal:	April 28, 2000								
Zoning:	IG1U/85								
Site Area Total According to King County property records	111,236 SF / 2.55 Acres <i>Please note the discussion within and documents within and in the addendum as to questions raised to reconcile the square footage of 111,236 SF of the above King County Assessor's data, the lot line adjustments and the plat schematic provided from the buyer's title search package of date and the information provided by Hugh G. Goldsmith &amp; Associates, surveyors.</i>								
Wetlands:	There do not appear to be wetlands within the site. The site is located adjacent to Slip #2 on the Duwamish River.								
Improvements:	Single-tenant warehouse and light manufacturing building with parking of irregular shape with $\pm 4,000$ SF of office in two locations with two floors of $\pm 1,000$ SF per floor. The building is irregular shape with a curved wall on the east side.								
Rentable Space:	<table border="0" style="margin-left: 40px;"> <tr> <td>Office #1 <math>\pm 480</math>, 2-levels =</td> <td><math>\pm</math> 960 SF</td> </tr> <tr> <td>Office #2 <math>\pm 826</math>, 2-levels =</td> <td><math>\pm</math> 1,792 SF</td> </tr> <tr> <td>Warehouse</td> <td><math>\pm 54,788</math> SF</td> </tr> <tr> <td>TOTAL</td> <td><math>\pm 57,540</math></td> </tr> </table>	Office #1 $\pm 480$ , 2-levels =	$\pm$ 960 SF	Office #2 $\pm 826$ , 2-levels =	$\pm$ 1,792 SF	Warehouse	$\pm 54,788$ SF	TOTAL	$\pm 57,540$
Office #1 $\pm 480$ , 2-levels =	$\pm$ 960 SF								
Office #2 $\pm 826$ , 2-levels =	$\pm$ 1,792 SF								
Warehouse	$\pm 54,788$ SF								
TOTAL	$\pm 57,540$								



Highest and Best Use:

Existing Use as a warehouse, readily convertible to multi-tenant or light industrial facility.

**Valuations:**

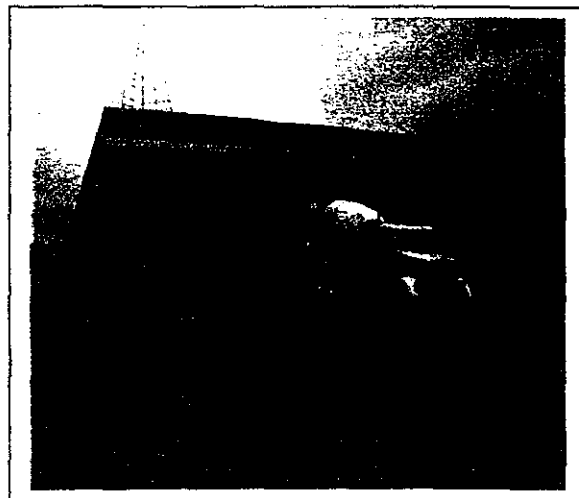
Land Value:	\$2,200,000
Property by Cost Approach:	\$3,400,000
Property by Sales Comparison Approach:	\$3,400,000
Income Approach:	\$3,200,000
Final Estimate of Market Value:	\$3,400,000

**SUBJECT PHOTOGRAPHS**

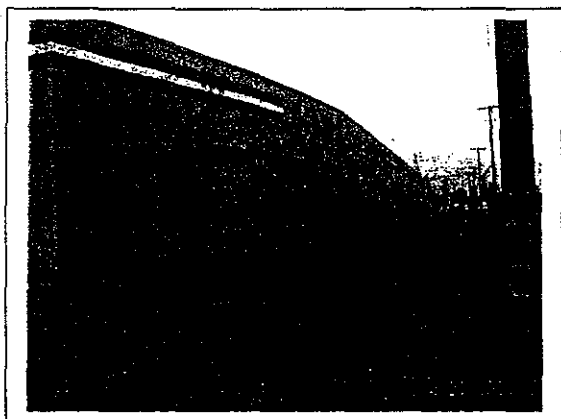
## SUBJECT PHOTOGRAPHS-2



SW CORNER VIEW



NORTH END - LOOKING SOUTH



EAST SIDE OF BUILDING

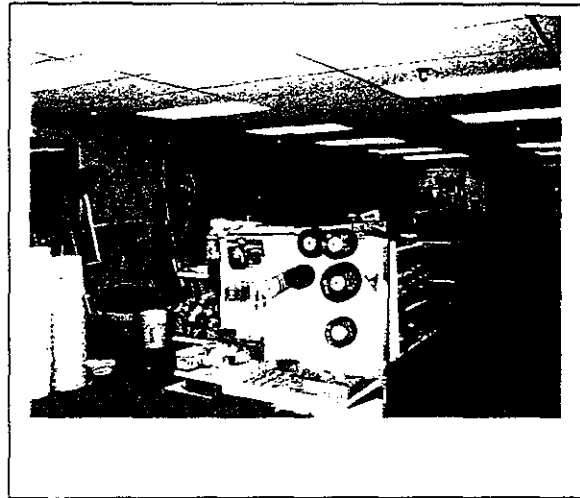


WEST SIDE OF BUILDING

## SUBJECT PHOTOGRAPHS-2



SW CORNER OFFICE



SW CORNER RETAIL SALES



INSIDE LOOKING WEST

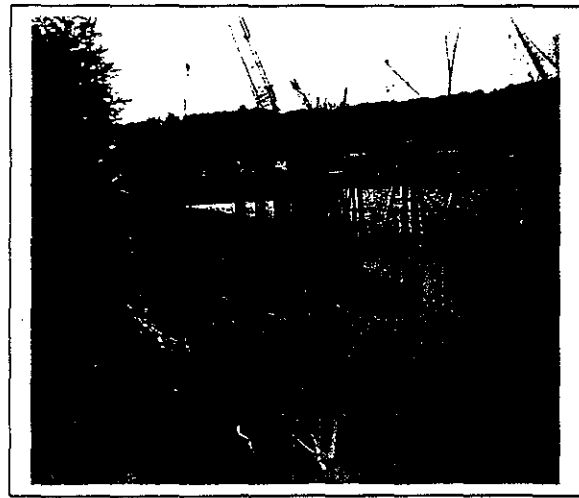
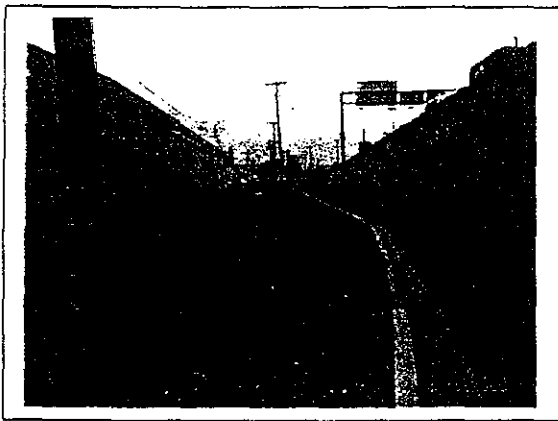


INSIDE LOOKING NORTH

## SUBJECT PHOTOGRAPHS-3

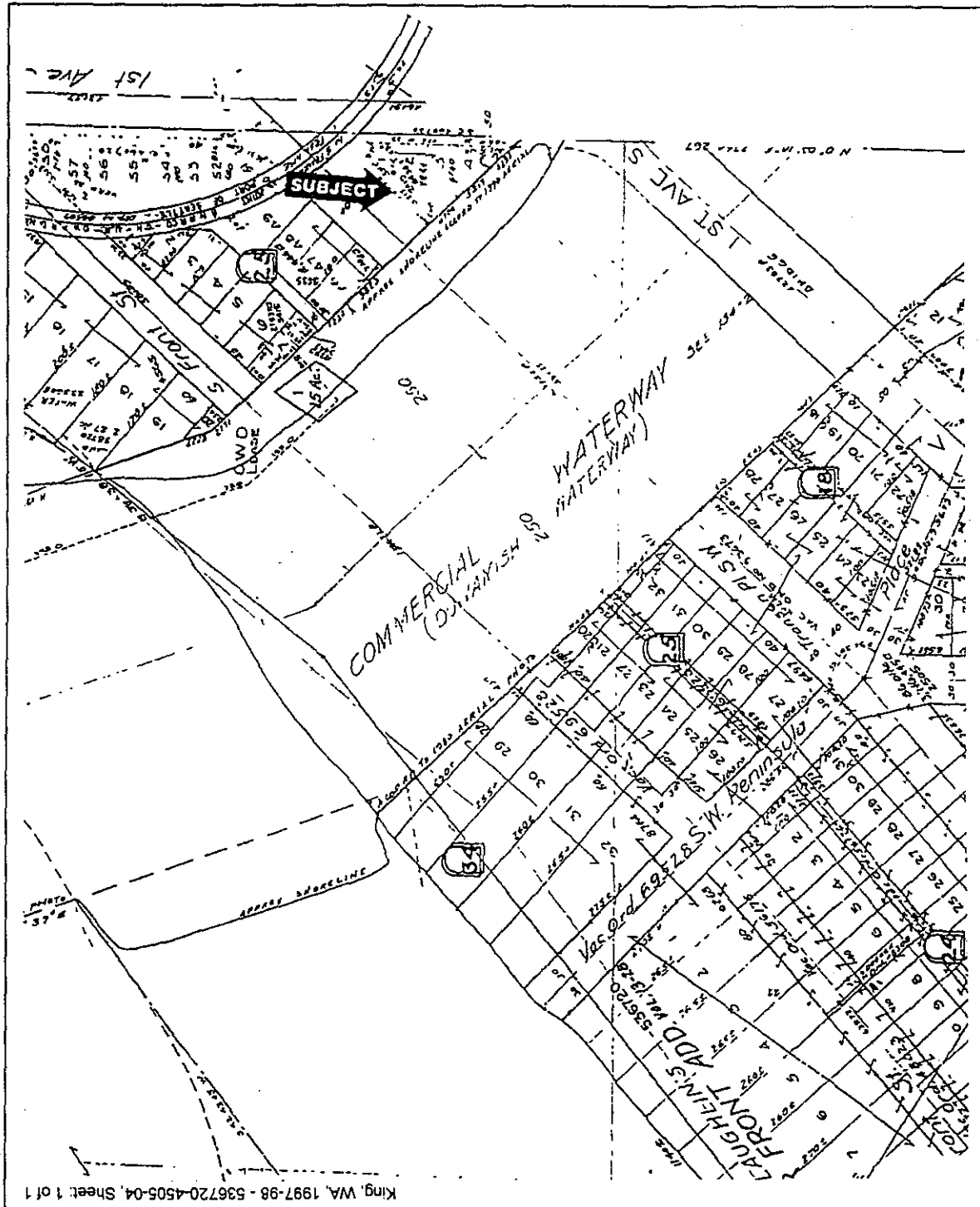


SLIP #2 LOOKING NORTH

LOW TIDE LAND EXPOSURE SOUTH  
SIDE OF SLIP #21<sup>ST</sup> AVENUE S. NORTH

WEST SIDE LOOKING SOUTH

# Plat Map



King, WA, 1997-98 - 536720-4505-04, Sheet 1 of 1



## PROPERTY IDENTIFICATION



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## PROPERTY IDENTIFICATION

### CLIENT:

Mr. Clifford R. Sullam  
Assistant Vice President  
HSBC Bank Canada  
700 Fifth Avenue, Suite 4100  
Seattle WA 98104

### OSTENSIBLE OWNERS

Lone Star Northwest, Inc. (Glaciar)  
5975 E. Marginal Way s.  
Seattle WA 98134-2414

### PROPERTY LOCATION AND ADDRESS

6335 1<sup>st</sup> Avenue South, Washington 98109

This property is located on the west side of 1<sup>st</sup> Avenue South comprising the block located between 1<sup>st</sup> Avenue S. to the east, the Duwamish River to the west, the First Avenue bridge to the south and LONE STAR NORTHWEST (Glacier Northwest) cement and ready-mix to the north.

### PURPOSE OF APPRAISAL

To establish an Estimate of Fair Market Value for a "leased fee simple interest in the property." The purpose of this Complete Summary Appraisal is to estimate the present Market Value of the subject property as a fee simple and leased fee estate for lender financing purposes. "Market Value" means:

- (1) The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair market sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as a specified date and the passing of title from seller to buyer under conditions whereby:
  - A) Buyer and seller are motivated by self-interest.
  - B) Both parties are well informed or well advised, and each is acting in what they consider their own best interest.
  - C) A reasonable time is allowed for exposure in the open market.
  - D) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto: and
  - E) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

- (2) Adjustments to the comparable transactions must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs that are normally paid by sellers as a result of tradition or law in a market area: these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institution lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession, but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

This definition complies with the mandate of the Federal Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989.

### **INTENDED USE OF REPORT**

This appraisal is intended to assist the client in lender financing and is for the use of the client; HCBC Bank Canada, potential purchaser; Mr. Henry Liebman and their respective attorneys, CPA's financial planners, financial analysts, employees and consultants.

### **DELINEATION OF TITLE**

There have been no sales or transfers of title within the last five years. The current owner purchased the property via warranty deed in January of 1992 for \$2,250,000 from Arthur A. Riedal who had acquired the property in August of 1986 from a foreclosure via a warranty deed. There have been no sales or transaction of ownership interest since the January 1992 via statutory warranty deed, Excise Tax #125758.

### **DEFINITION OF PROPERTY RIGHTS APPRAISED**

The property rights being appraised for the real property are those of FEE SIMPLE ESTATE, not a LEASED FEE estate as the current owner is the current occupant, free and clear of all encumbrances and liens. The Appraisal Terminology and Handbook, 5th Edition, defines a FEE SIMPLE as

*"An absolute fee: a fee without limitations to any particular class or heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation. An inheritable estate."*

*The business opportunity rights being appraised for a LEASED FEE ESTATE which is defined by the Appraisal Terminology and Handbook, 5th Edition, as "A property held in fee with the right to use and occupancy conveyed under lease to others. A property consisting of the right to receive ground rentals over a period of time, and the further right of ultimate possession."*

*The Appraisal Terminology and Handbook 5th Edition defines LEASEHOLD VALUE as "The value of a leasehold interest; that is, right to land use, enjoyment, and profit existing by virtue of the rights granted under a lease instrument. The value of the leasehold interest is the present (discounted) worth of the rent saving when the contractual rent at the time of appraisal is less than the current market rent."*

This report addresses the appraisal of the FEE SIMPLE ESTATE for the property on which there are improvements. There is no lease on the property as the current owner is the current tenant.

### EFFECTIVE DATE OF VALUE

The effective date of this valuation is April 20, 2000, the date the interior and exterior of the subject property were initially inspected.

### DATE OF APPRAISAL REPORT

The date of this appraisal report is April 28, 2000.

### LEGAL DESCRIPTION

The subject is briefly described here as King County Tax Parcel No. 536720450504 and as follows:

THAT PORTION OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 19; AND THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 30, ALL IN TOWNSHIP 24 NORTH, RANGE 4 EAST, W.M., IN KING COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID SECTION 30; THENCE SOUTH 89°24'48" WEST (SOUTH 89°23'29" WEST, DEED) ALONG THE NORTH LINE OF SAID SECTION 30, A DISTANCE OF 16.96 FEET (16.38 DEED) TO A POINT ON THE WEST MARGIN OF 1<sup>ST</sup> AVENUE SOUTH AND THE TRUE POINT OF BEGINNING OF THE HEREON DESCRIBED PARCEL;

THENCE NORTH 00°00'48" EAST (NORTH 00°00'00" EAST, DEED) ALONG SAID WEST MARGIN A DISTANCE OF 143.15 FEET; THENCE NORTH 42°33'49" WEST A DISTANCE OF 51.45 FEET; THENCE SOUTH 89°25'54" WEST A DISTANCE OF 49.93 FEET; THENCE SOUTH 23°13'04" WEST A DISTANCE OF 110.09 FEET; THENCE SOUTH 29°24'05" WEST A DISTANCE OF 69.59 FEET; THENCE SOUTH 32°21'10" WEST A DISTANCE OF 66.59 FEET; THENCE SOUTH 32°00'29" WEST A DISTANCE OF 37.89 FEET; THENCE SOUTH 29°29'18" WEST A DISTANCE OF 19.57 FEET; THENCE SOUTH 23°56'46" WEST A DISTANCE OF 40.45 FEET; THENCE SOUTH 31°50'09" WEST A DISTANCE OF 22.36 FEET; THENCE SOUTH 19°46'31" WEST A DISTANCE OF 59.13 FEET; THENCE NORTH 73°05'18" WEST A DISTANCE OF 4.92 FEET; THENCE SOUTH 26°41'45" WEST A DISTANCE OF 33.45 FEET; THENCE SOUTH 2°12'49" EAST A DISTANCE OF 150.16 FEET TO THE SOUTHERLY BOUNDARY OF LOT 9 IN BLOCK 34 OF JOSEPH P. MCLAUGHLIN'S WATERFRONT ADDITION TO THE CITY OF SEATTLE, ACCORDING TO PLAT RECORDED IN VOLUME 13 OF PLATS AT PAGE(S) 28, IN KING COUNTY, WASHINGTON, EXTENDED WESTERLY; THENCE SOUTH 89°59'12" EAST, ALONG SAID WESTERLY EXTENSION AND SAID SOUTHERLY BOUNDARY, A DISTANCE OF 210.15 FEET TO THE WESTERLY MARGIN OF 1<sup>ST</sup> AVENUE SOUTH, AS ESTABLISHED) IN COMBINED KING COUNTY SUPERIOR COURT CAUSE NOS. 460720, 460721 AND 465381, AS PROVIDED BY THE CITY OF SEATTLE CONDEMNATION ORDINANCE NOS. 82139, 82137 AND 82492, AND A POINT ON A CURVE, THE CENTER OF WHICH BEARS NORTH 71°14'42" WEST.- THENCE NORTHERLY ALONG SAID MARGIN ALONG AN ARC OF A CURVE TO THE LEFT, SAID CURVE HAVING A RADIUS OF 576.00 FEET, THROUGH

A CENTRAL ANGLE OF 18°44'30", A DISTANCE OF 198.41 FEET; THENCE, NORTH 00°00'48" EAST CONTINUING ALONG SAID WESTERLY MARGIN A DISTANCE OF 179.96 FEET TO AN INTERSECTION WITH THE NORTH LINE OF SAID NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 30; THENCE SOUTH 89°24'49" WEST ALONG SAID NORTH LINE A DISTANCE OF 0.47 FEET TO THE TRUE POINT OF BEGINNING. (BEING KNOWN AS PARCEL B OF CITY OF SEATTLE LOT LINE ADJUSTMENT NO. 9701264 UNDER RECORDING NO. 9706189008).

### **DELINEATION OF TITLE**

There are no known sales or transfers of the Subject property for the five years preceding the date of this report. The property was transferred from Arthur A. Riedel for \$2,250,000 on January 1, 1992, Excise Tax #1225758 to Lone Star Northwest Inc. of 5975 E. Marginal Way Seattle WA 98134. There was a lot line adjustment in July of 1997 resulting from the survey work of

### **SPECIAL ASSUMPTIONS AND LIMITING CONDITIONS**

All appraisals are subject to standard form assumptions and limiting conditions. For those which apply to this appraisal, please refer to the pages under this title found in the Frontispiece of this report. This appraisal is also subject to the following:

No hazardous substances, or other adverse environmental conditions are known to exist on the subject site. Your appraiser, however, is not qualified to detect or test such substances or conditions. The value estimate is predicted on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value.

The essential difference between Self-Contained and Summary Appraisal Reports and a Restricted Appraisal Report is both the level of detail of presentation and a use restriction that limits the reliance on the report to the client and considers anyone else using the report an unintended user. Although presented in the format of a summary report, this is also a Restricted Appraisal Report for reliance and liability purposes, which is intended to comply with the reporting requirements set forth in the Uniform Standards of Professional Practice. Additional documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client only for the intended use stated herein. The appraiser is not responsible for unauthorized use of this report.

**Water Access:** Currently the existing owner/tenant, during high tide only, will bring a barge into the north end of the barge docking and loading area with apron for their property and unload it on to the Subject site. There is no apron (bulkhead and support structure) for load handling as is the case with permitted uses such as the Jore land lease with the Port of Seattle across the river from the Subject. The offer to purchase includes a granting of any rights the seller may have for construction and use of a pleasure craft dock that currently does not exist. The Subject, while bordering water, has a rock retaining wall and is not adequate for moorage or loading. Comparable properties reflect a difference in lease rates for riverfront property with an apron and bulkhead but in the case of properties along the river without an apron there does not appear to be a difference in land values or lease rates from those on the east side of 1<sup>st</sup> Avenue S. or East Marginal Way. The enclosed survey shows subject property line to the north

being the lower edge of the rock retaining wall. The seller has ownership of the submerged lands.

A question arose as to the reconciliation of the 111,236 SF reported on the King County Assessor property tax data for APN 536720450504. The buyer provided a copy of the plat map noting the boundary of the Subject, see within, from their title search report. We worked with Mark & Sarah of Hugh G. Goldsmith & Associates, surveyors, see documents in the addendum, with a final determination, after consultation with Mr. Liebman, Mark & Sarah and Mr. Sullam that we would accept the survey and data from Hugh G. Goldsmith & Associates and thus the 111,236 SF property square footage with no submerged property..

We have made the assumption that riverfront property with out an apron does not garner a material lease rate or land value premium for the upland.

## SEATTLE DATA & MAP



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## **METROPOLITAN SEATTLE DATA**

Seattle is located in west central King County. Primary access into and through Seattle is via Interstate 5, Interstate 90 and State Highway 520.

### **TOPOGRAPHY**

Seattle is located in the center of Western Washington, on the eastern shore of Puget Sound, an inland water body connected to the Pacific Ocean. Puget Sound occupies a major lowland area between two mountain ranges, the Olympics to the west, and the Cascades to the east. Built on seven hills between the expanse of Puget Sound and the freshwater lakes to its east, Seattle has rolling terrain with an abundance of both salt water frontage and lake frontage.

### **CLIMATE**

Seattle has a mild climate throughout the year. The Puget Sound basin is protected from heavy rainfall and high winds off the Pacific by the Olympic Mountains. On the east, the Cascade Mountains shield the area from the winter cold of the mid-continent. The winter days are mild and wet. Precipitation is usually light or moderate with an occasional heavy downpour. The total annual average measurable precipitation is 37 inches. This compares with the averages of St. Louis 36 inches; Washington, D.C. 39 inches; New York City 40.1 inches; Houston 48.2 inches; and Miami with 59.8 inches. The winter days are short and summer days are long with 16 hours of daylight in midsummer. The average summer temperature is 70 degrees. The average winter temperature is 45 degrees.

### **POPULATION**

The tremendous rate of growth in the Seattle metropolitan area during the 1950s and 1960s slowed down markedly in the 1970s. During the two previous decades, population in the Seattle-Everett Standard Metropolitan Statistical Area (SMSA) increased by 30% each decade. However, in the 1970s, the rate slowed to roughly 13%. The greater rate of growth in the two county SMSA over the past decade occurred in Snohomish County, where population increased 27.4%. In King County, population increased 13.9%.

Much of the Seattle area's growth during the sixties was attributed to the aerospace boom. But, when aerospace temporarily bottomed out in 1971, many people moved out of the area. From 1970 to 1973, the PMSA population dropped by over 15,000, from 1,424,611 to 1,409,400. The local economy has since dramatically turned around. In 1976, population in the Seattle metropolitan area reached its 1970 level and continues to grow. Population in 1989 reached 1,960,360, a 22% increase over 1980.

In the last eight years the City of Seattle itself grew from 516,259 in 1990 to 539,700 in 1998 an increase of about 5.0%. Although this may seem like a slight increase to the casual observer, it should be noted that it represents a continuation of decade plus long trend of people returning to the City of Seattle as a place to live. In 1980 the population of the City of Seattle stood at 493,846, down some 11.4% from its high water mark of 557,087 in 1960. It seems that with the entire region growing at a healthy rate and commuting times becoming longer, more people are discovering the benefits of living in the city itself. All indications are that this trend will continue for the next several years and into the 21st century.



## POPULATION CHARACTERISTICS

<u>Year</u>	<u>Seattle</u>	<u>Seattle Metropolitan Area</u>	<u>Washington</u>
1950	467,591	844,572	2,378,963
1960	557,087	1,107,213	2,853,214
1970	530,831	1,424,611	3,411,900
1980	493,846	1,607,618	4,130,163
1990	512,094	1,960,360	4,826,675
2000*		2,360,356	5,917,100

(\*PROJECTION)

## POPULATION DENSITY

As noted above, there is growing trend of people moving back to the urban Seattle neighborhoods and shying away from the suburban commuter resident so common in the past twenty years. This brings up the subject of density within the City of Seattle. Below is a chart that compares population density within the Seattle with some other notable U.S and Canadian cities:

<u>City</u>	<u>Population/Square Mile</u>
New York City	23,705
San Francisco	15,502
Vancouver, B.C.	9,708
Los Angeles	7,427
Seattle	6,415
Portland	3,507

As can clearly be seen from this illustration, Seattle has a long way to go before it reaches the population densities of some of the major cities on the continent. There are only a few neighborhoods within Seattle such as Capitol Hill and Queen Anne Hill where population densities climb much over the 10,000 persons per square mile range and most neighborhoods fall well below the 5,000 persons per square mile range. The combination of an uncrowded environment and all the benefits of a major urban center combine in Seattle to provide residents with an attractive atmosphere in which to live.

## EMPLOYMENT

Boeing is still the largest single employer in the area, but as Seattle's economy has expanded and diversified, the dependence on Boeing has lessened. The expected 45,000 employee layoff is expected to affect the local economy somewhat, but not nearly as much as it would have only 10 years ago. Boeing is not the only large manufacturer of transportation equipment in Seattle. PACCAR, recently expanding by adding a plant in Renton, also manufactures

railroad cars, trucks and heavy equipment. Historically Lockheed Shipbuilding and Todd Shipyard were major Seattle employers before the decline of the shipbuilding industry. Two other large manufacturing industries are forest products and food processing. Three-fourths of the Seattle economy, however, is involved in non-manufacturing activities. Seattle is one of America's leading ports. It is the largest U.S. center for "Overland Common Point" (O.C.P.) shipments and ranks first nationally in terms of container export traffic. As the largest urban area north of San Francisco, and west of the Rocky Mountains, Seattle is the northwest's major center for trade, distribution and services. Another growing industry in Seattle is the tourist and convention industry that along with a burgeoning motion picture making industry are making Seattle a more identifiable city for people throughout the United States and the world.

Most of these industries are known as Seattle's "traditional" industries and for decades have been the backbone of the Seattle economy. Here in 1999 however, with mounting layoffs in the forest products industry and a recent slowdown in aerospace manufacturing, there is growing evidence that Seattle is attempting to rely less heavily on manufacturing, forest products and international trade and place more emphasis on high technology. The move is led by software giant Microsoft, but there are now dozens of other growing high tech companies established in the greater Seattle area. Notable among these are firms such as Nintendo, McCaw, Sunstrand, Egghead, Aldus, Data I/O, Amazon.com, Go2net and Attachmate. There is also a select group of leading edge bio-technical firms operating in the area led by Immunex and ICOS. Many companies that once operated out of California's Silicon Valley are finding that the relatively inexpensive yet well educated workforce found in Seattle provides an excellent environment for growth not found in the overbuilt California markets. Most close observers of the Seattle area employment picture contend that these will be the industries that will be the employment growth leaders in Seattle for the next decade.

The significant economic expansion that has occurred since 1975 in both the public and private sectors and the growing awareness of the livability of the Pacific Northwest are in large part responsible for Seattle's current status as the major regional financial, industrial and trade center.

## **MAJOR EMPLOYERS IN THE SEATTLE METROPOLITAN AREA**

### **Manufacturing - Construction:**

The Boeing Company  
John Fluke Mfg. Company  
PACCAR, Inc.  
Sundstrand Data Control  
Westmark International Inc.  
Weyerhaeuser Company  
Simpson Investments Inc.

### **Electronics-Computers:**

Microsoft  
Nintendo  
Hewlett-Packard  
Amazon.Com  
Go2net

### **Public Sector & Utilities:**

U.S. Department of Defense

King County Government  
 Metro Transit System  
 Pacific Northwest Bell Telephone Co.  
 Public School Districts  
 Puget Sound Power & Light Company  
 Seattle City Government  
 Seattle City Light Company  
 Seattle Community Colleges  
 University of Washington  
 Washington State Government

Retail Trade, Finance, Services:

Alaska Air  
 The Bon Marche  
 US West Communications  
 Group Health Cooperative  
 Virginia Mason Hospital  
 Nordstrom  
 Starbucks  
 US Bancorp  
 Safeco Insurance Company  
 Safeway Stores  
 Shurgard  
 Seattle-First National Bank  
 Swedish Hospital and Medical Center  
 Costco

## MANUFACTURING AND INDUSTRIAL

There are over 1,600 manufacturing firms in the region. Principal products include: transportation equipment, fabricated metal products, machinery, printing and publishing, lumber and wood products, and food products. Following is a table of the largest firms, listing products and approximate number of local employees:

### MANUFACTURING EMPLOYMENT

	<u>Name of Company</u>	<u>Employees</u>	<u>Product</u>
1)	The Boeing Company	103,000	Aircraft
2)	Microsoft	10,600	Computer Software
3)	Weyerhaeuser Company	4,000	Lumber, Wood, Paper Products
4)	PACCAR, Inc.	3,000	Heavy Trucks & Truck Parts
5)	Westmark International, Inc.	2,600	Advanced Medical Technologies
6)	Gai's Seattle French Baking	2,000	Baked Goods
7)	Simpson Investment, Inc.	1,830	Timber & Paper Products
8)	John Fluke Mfg. Co.	1,700	Electronics

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9)	Sundstrand Data Control	1,700	High-Tech Electronics
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### NON-MANUFACTURING EMPLOYMENT

	<u>Name of Company</u>	<u>Employees</u>	<u>Type of Service</u>
1)	University of Washington	27,500	Education
2)	U.S. Dept. of Defense	25,000	Federal Govt.
3)	City of Seattle	12,000	Local Govt.
4)	Safeway, Inc.	10,600	Retail Grocery
5)	Group Health	9,000	Health Care
6)	Federal Government	7,100	Federal Govt.
7)	Seafirst Bank	7,000	Banking, Financial
8)	Sears, Roebuck & Co.	6,300	Retailing

There are over 5,000 acres in the city limits zoned for industrial use, of which about 5% is vacant and available in parcels ranging in size from about one-quarter to ten acres. Terrain is varied, subsoil is clay and piling is not normally required.

### COMMERCIAL

Seattle is served by three levels of commercial activity: (i) neighborhood/community shopping centers; (ii) the central downtown shopping district and; (iii) regional shopping centers. Neighborhood centers are typically small and keyed primarily to grocery markets, drug stores, variety stores and small service establishments. Downtown Seattle provides the localized needs of banking, grocery and services, as well as department and clothing stores, restaurants, hardware stores, offices, entertainment, etc. Northgate, a regional shopping center located seven miles north of the Seattle CBD, consists of four major department stores and over 110 additional stores and shops. There is 1,156,000 square feet of gross leasable area, and parking for 7,000 cars on the 52-acre site.

The downtown Seattle area has nearly 25 million square feet of office space in its current inventory. As of December 1998 approximately 5.8% of this space was unoccupied. This is virtually the same as the 5.9% vacancy figure reported in December of 1997. For the most part construction of new office space remains strong in Seattle, as new prospective tenants in 1999 can expect to find space for \$25 to \$32 per square foot or higher depending on location and class of space.

### TRANSPORTATION

Seattle is well served by all modes of transportation -- freeways, railroads, buses, an international airport, deep water port facilities, a ferry system, and an excellent local mass transit system. To a great extent, Seattle's multi-faceted transportation network, and hence its exceptional accessibility, are responsible for the recent economic growth and diversification in the area.

Two major interstate highways facilitate travel north to Vancouver, British Columbia, south to San Diego and east to the Midwest and Atlantic Seaboard. Amtrak provides daily rail service to Vancouver, B.C., Chicago, Salt Lake City and Southern California. Greyhound and Continental Trailways provide bus service to practically any city in the continental United States from Seattle.

Seattle-Tacoma International Airport, 13 miles south of the central business district, is one of the nation's most modern air traffic facilities. It is served by 37 commercial freight trucking lines and 28 commercial airlines, 10 of which are international carriers. The airport handled over 30 million passengers in 1998. Seattle's harbor, Elliott Bay, is one of the finest deep water ports in the world, with depths of up to 600 feet. Port of Seattle facilities include 16 commercial piers, 46 ship berths which can handle ships of up to 1,400 feet in length, and vast quantities of warehouse storage space. The Port of Seattle in 1998 marked the twelfth consecutive year in which the port handled more than one million containers with 1,4 million. Only four ports in U.S. history have ever handled more than one million containers in a single year.

### **UTILITY SERVICES**

Water service is provided by the City of Seattle Water Department. Sewage is handled by the Municipality of Metropolitan Seattle. Natural gas is provided by Washington Natural Gas Company and electric power by Seattle City Light Company. Telephone is by US West.

### **CITY GOVERNMENT**

Seattle has a Mayor/Council form of city government with zoning and building codes. The police department consists of: 1,152 commissioned officers; 463 civilian employees; 128 patrol vehicles; 32 traffic cars; 97 detective cars; 2 helicopters; 5 boats; 46 motorcycles and 37 three-wheelers. Fire department personnel includes: 1,072 paid firemen; 35 stations; 37 first line pumpers; 2 fireboats; 12 ladder trucks and 11 aid cars. Fire insurance classifications: City 2: Industrial Fringe Area: 4-6. Total City of Seattle employment exceeds 12,000.

### **COMMUNITY FACILITIES**

Seattle has approximately 380 hotels and motels with over 12,500 rooms. The largest of several meeting facilities will seat 15,000 people and 10,000 people for meals.

Seattle is a total health care community, involved in medical research and development, equipment manufacturing, education, medical transport services, and general and specialized care. Such diversity within this industry lends strength to the Seattle area economy. No matter what the affliction, Seattle area hospitals have the appropriate treatment facilities available. Medical facilities include 25 general hospitals with 4,916 beds, approximately 1,150 physicians and surgeons, 600 dentists and 70 osteopathic physicians and surgeons.

Seattle's unique geographic location offers a wide spectrum of recreational and entertainment opportunities. Its proximity to large bodies of water, mountains and forested areas provides activities for outdoor enthusiasts. Seattle's downtown area provides both sights to see and things to do. The Seattle Center is a year-round 74-acre convention and family entertainment center that provides residents and visitors with a magnificent array of facilities and services.

Seattle has an international reputation in the fine arts including: The Seattle Symphony Orchestra, Seattle Opera Association, Seattle Repertory Theatre, Seattle Art Museum and ACT Theatre. This places Seattle as one of only three cities nationally to be home to a professional ballet, opera and symphony. Seattle has a rich and diverse resource in its 5,000-acres of park lands. More than 400 parks are available. Baseball, football and soccer fields abound. Almost unlimited opportunities exist for strolling, jogging, roller-skating, bicycling, swimming and picnicking. There are 136 tennis courts distributed among the Seattle parks. Outdoor sports are enjoyed all year around. Freshwater and saltwater fishing are superb, and there are opportunities for boating, sailing, swimming and water skiing as well as numerous opportunities for snow related activities.

Seattle is the home of three major professional sports teams - the Seahawks (football), the Mariners (baseball), and the Supersonics (basketball) and the minor league Thunderbirds (hockey). The Supersonics and Thunderbirds are presently playing in a new stadium and both the Mariners and the Seahawks are getting new stadiums this year and in 2001. Other popular spectator sports include University of Washington Husky football, automobile racing at Seattle international Raceway, horse racing at Emerald Downs and the annual unlimited hydroplane race that takes place during Seafair Week.

In general, the Seattle area ranks high among Metropolitan cities in quality of living and environmental considerations. A recent study by Midwest Research Institute, a non-profit research group based in Kansas City, ranked Seattle third in quality of life among cities with a population of 500,000 or more. This represents just one of many such honors. In 1998, Seattle was designated by several national publications as the "Best City in the West" in which to live. This designation was based on a comparison of "quality of life indicators" for ten major western cities. The Environmental Protection Agency listed Seattle third, nationally, in terms of environmental quality.

Fortune Magazine in its November 1996 issue rated Seattle as #1 on its "The Best cities for Business and family life" list and describes the Seattle area as follows: "Seattle has the cosmopolitan influence of software and salmon, airframes and apples, where the world's sharpest minds sip rich coffee with the folks who wield sharp axes and fishhooks, in a setting that would make a postcard manufacturing plant. What do you call a town that is home to America's richest entrepreneur and to its biggest exporter, among many other flourishing enterprises; home to one of the country's busiest ports and best state universities; home to some of its most breathtaking vistas (sea, mountain, forest) and smoothest racial relations? You call it the best city for global business in the U.S."

## EDUCATION

There are 33 Catholic, 8 Protestant and 1 Jewish parochial schools in the Seattle area. Included in these 42 schools are 6 Catholic and 3 Protestant high schools. University of Washington, Seattle University and Seattle Pacific College are all 4-year colleges and Seattle Community College is an accredited 2-year college. Seattle public schools offer a complete vocational education program. Also, there are specialized schools in Seattle offering training in business, electronics, apartment management, detective schools, airline schools, and barber and beauty schools.

The University of Washington has a total enrollment of nearly 35,000 students with evening enrollment of about 7,000 in credit and non-credit courses. The evening program offers credit

courses from the following colleges: Arts and Sciences, Business Administration, Education and Engineering. Seattle Pacific College enrolls 460 in the evening and offers courses in education, business, religion, home economics, crafts and many novelty courses. Seattle Community College enrolls 6,500 in the evening. In summary, Seattle has a solid diversifying economic base with attractive amenities indicating steady economic and population growth over the foreseeable future.

## CONCLUSION

All of the proceeding appears accurate and reliable given the recent data available as presented in the Seattle Times on February 13, 2000 as follows:

	Dec '98	Dec '99	% Change From 1999	% Change From Last Month
Washington Leading Indicators	106.6	106.6	0.00%	0.05%
Purchasing managers' Index	50.7	57.0	6.3%	-3.3%
PS Stock Index	638.73	676.85	6.0%	
Metro Jobs	1,390,000	1,404,900	1.7%	
Unemployment Rate	3.0%	3.0%	0.0	0.0
U I Claims	20,045	21,117	3.0%	5.3%
High Tech Jobs		50,600	16.1%	1.4%
Aero Jobs		88,000	-16.9%	0.9%
Boeing Employment	96,510	76,900	1.0%	4.0%
Help-wanted Index		163	1.0%	4.0%
Housing Inventory			-6.5%	-15.2%
Houses Sold			-5.4%	1.2%
Housing Prices			7.5%	2.2%
Days on Market			-51.2%	5.0%
CPI	169.4	174.4	5.0%	-.3%
Gas Prices	1.08	1.39	28.7%	2.2%
Building Permits			57.3%	10.1%
Net Migration	3,066	8,560	179.2%	655.5%

The above reflects a slowed albeit robust economy that has leveled but appears to be growing given the in migrations, reduction in housing inventory and absorption of the workforce in spite of the reduction in Boeing related jobs.

A steady and significant increase in population is forecast for the Puget Sound area. Regional in-migration continues to run at 2 to 3 times the national average. This together with good educational facilities, a trained labor force, good transportation systems, and an increasingly diversified industrial base, indicates that the future economic trend will be for a continued growth rate over the next several years. Due to Seattle's position as the urban center of the Pacific Northwest together with its increasing level of economic diversification, the Greater

Seattle economy is projected to perform better than the Pacific Northwest as a whole over both the near and long term future.

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## NEIGHBORHOOD DESCRIPTION

### SUBJECT NEIGHBORHOOD DATA

The subject property is located at the west side, heading south, of 1<sup>st</sup> Avenue S. at the intersection of Marginal Way, 1<sup>st</sup> Avenue and Michigan Street. Access is via a entrance just prior to the access ramp to the first Avenue S. bridge. The subject is in the shadow of the east side of the First Avenue S. bridge. The Subject fronts on the Duwamish River and north end access to the Subject is shared with the busy, south end access for ready mix trucks of Glacier Northwest (Lone Star Northwest). The Subject property has a one-way traffic flow currently to, we presume, minimize chance of collision between vehicles (trucks) enter the ready mix plant for loading and vehicles exiting the on the eastside of the Subject. Burgess, a canister company with various pressurized canisters and then the large Duwamish Marine Center are south of the Subject and also border the river. East of the Subject are road support mechanisms with 2 underpass routes that return to 1<sup>st</sup> Avenue S.

This is a warehouse and light industrial area.

The primary arterioles through the neighborhood are First Avenue S., which runs generally north and south. Access to the neighborhood is considered fair. For one familiar with the area access is average given the planning necessary to enter the destination location with high visibility however, for one traveling South on 1<sup>st</sup> Avenue S. who misses the turn it is easy to enter the First Avenue S. Bridge access ramp or, if they proceeded south, return access, unless known, is not readily apparent. There is direct access from 4<sup>th</sup> Avenue south if one heads due east when 4<sup>th</sup> Avenue S. merges with E. Marginal Way. Access to I-5, north and south, and subsequently I-90 to the north, is from the Michigan & Corson exits and entrances on I-5.

Property uses in the neighborhood warehouse and or light industrial. There are no churches, residence, schools or very much retail in the area except for tavern, fast food and café sites.

Property construction and condition is generally fair to poor. Most properties are older and have been used heavily for their intended purposes. Property ages vary from 80± to pre-1990. Most of the newer properties are on the east side of 1<sup>st</sup> Avenue South and East Marginal Way with the exception of the Veterans Center and Seattle Iron Works properties south of the subject.

There have been extensive environmental remediation efforts in the neighborhood, which are continuing. Given the Subject use of sand, cement and related products storage we saw no environmental issues either in the Subject's current use or in our limited research of the Subjects historical use. The Subject appears environmentally compliant from our unqualified observation. Please note LIMITING CONDITIONS in this report for environmental opinions stated in this report.

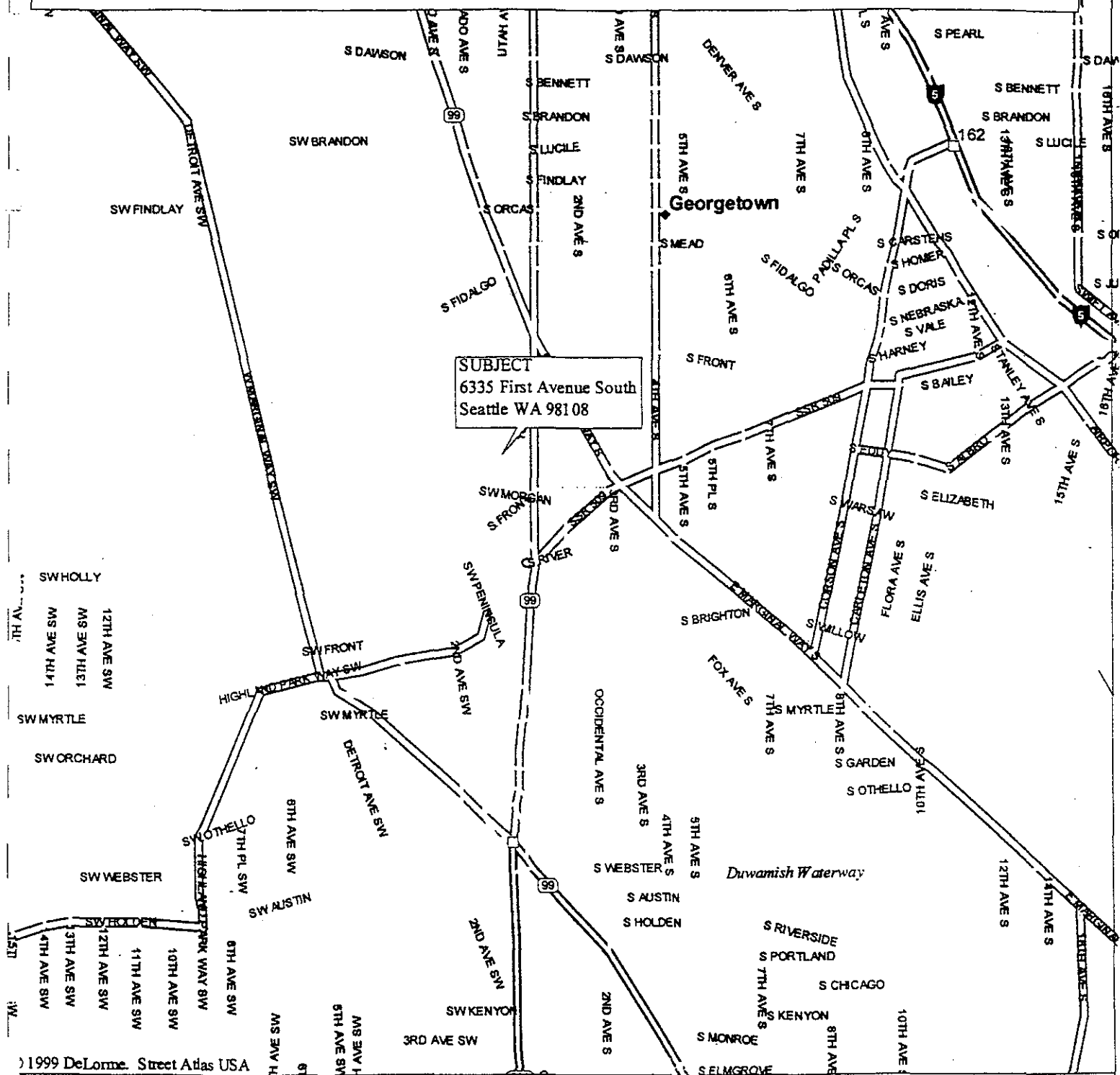


The neighborhood appears stable and there are no signs of transition to other uses albeit there are limited signs of necessary upgrade of the existing properties due to functional obsolescence.

The streets in the area of the Subject, north and south, range from deteriorated asphalt to the level of "no paving" to adequate asphalt covering. There are no sidewalks; gutters or traffic controls except for a few Yield and Stop signs except for access to 1<sup>st</sup> Avenue S. and E. marginal Way at traffic light controlled intersection.

Overall, the neighborhood appears to be stable and experiencing a steady growth in higher density and use of existing, limited space and this trend is continue into the near future. However, the further development of commercial properties is limited to the razing of older buildings due functional obsolescence.

# NEIGHBORHOOD
















Mag 15.00

Thu Apr 20 12:38 2000

Scale 1:15,625 (at center)

1000 Feet

## 500 Meters

- |   |                           |   |             |
|---|---------------------------|---|-------------|
|  | Local Road                |  | Airfield    |
|  | Major Connector           |  | Land        |
|  | State Route               |  | Water       |
|  | Interstate/Limited Access |  | Woodland    |
|  | Exit                      |  | River/Canal |
|  | Railroad                  |   |             |
|  | Point of Interest         |   |             |
|  | Small Town                |   |             |

## DESCRIPTION OF SUBJECT PROPERTY

### SITE DESCRIPTION

The subject consists of an IG1U85' zoned tract with approximately 507' of frontage along Slip #2 of the Duwamish River, approximately 398' along 1<sup>st</sup> Avenue S., approximately 51' at the narrow, northern point at the entrance to Lonestar (Glacier) Northwest ready mix, and approximately 360' on the southern boundary. This is an irregular shaped property of 111,236 SF. The subject contains a total area of approximately  $\pm 111,236$  SF according to King County Records.

The site is level with no known development restrictions or sensitive areas associated with it. Most of the site is currently improved with the subject building and parking lot. Public street amenities of street lights, curbs, gutters and storm sewers are available to the subject.

### STREET IMPROVEMENTS AND ACCESS

Access is only from 1<sup>st</sup> Avenue S with an egress and ingress while the northern outlet is an egress only. The eastern side borders railroad tracks with doors that allow direct unloading from railroad cars. 1<sup>st</sup> Avenue S. is asphalt covered with city maintained rights of way with curbs, gutters and street lights.

### 2000 ASSESSED VALUE AND PROPERTY TAXES

<u>Parcel No.</u>	<u>Improvements</u>	<u>Land</u>	<u>Totals</u>	<u>2000 Property Taxes</u>
5367204505	\$1,040,700	\$889,800	\$1,930,500	\$25,430.68

### UTILITIES

All major public utilities are immediately available at the property line including three phase power and electricity from Seattle City Light, natural gas from Washington Natural Gas and municipal sewer and water from the City of Seattle.

### ZONING

Land use and zoning in the City of Seattle is governed by Titles 23 (Land Use Code) and 24 (Zoning and Subdivisions (Reserved), Zoning Maps, and Index) of the Seattle Municipal Code. The subject is zoned IG1U-85'. This is a permissive use of the General Industrial classifications and applies specifically to outside of Seattle's downtown and CBD that already exist as manufacturing and industrial uses served by waterways and or railroad. "I" indicates "Industrial", with the "1" indicating its specific application to being served by waterway or railroad. The "-85'" suffix indicates that the maximum allowable building height is eighty-five (85') feet at this location.

The City of Seattle has a "tiered" zoning ordinance. This type of zoning designates specific uses for specific locations. There is no automatic provision that all uses permitted in a more restrictive and/or lower density category are allowed in the less restrictive and/or higher density category, as is characteristic of the more common "pyramidal" type of zoning ordinance.

Neighborhood Commercial (NC1, NC2 and NC3) zones are intended for areas which are oriented to pedestrians, with an established street front where customers may walk rather than drive between businesses. Commercial (C1 and C2) zones have more of an automobile orientation and have fewer pedestrian amenities. The (I) Industrial classifications are IG1, IG2, IGB and IC are existing industrial and manufacturing served by waterways or railroad.

In each zone, businesses are either permitted or prohibited and may be subject to a maximum size limitation. Limitations on size and use promote compatible land use and transportation patterns. In addition, the size limitations ensure that the scale of the business activity is compatible with the character and function of the commercial area and sensitive to the surrounding neighborhood. The purpose and intent of the Commercial ("C") zones is:

- (a) **Industrial General 1:** IG1 is specifically for light industrial zoning for industrial and manufacturing uses where such uses are already established and where they are served by railroad or waterway that make them a specialized and limited land resource. This is not a pedestrian-oriented classification. Businesses are generally larger industrial and manufacturing sales and service uses. Only certain types of uses are limited in size, including general manufacturing, warehouses, and mini-warehouses. Few uses are prohibited in all industrial zones. § 23.34.092 Seattle Municipal Code
- (b) **Industrial General 2:** IG2 is a more oriented to uses that improve employment, have room for expansion, have similar activities in the area but may also have commercial uses (C1 or C2) and are near larger facilities such as Safeco field where there is minimal overlap of necessary traffic. § 23.34.093 Seattle Municipal Code
- (c) **Industrial General B:** IGB is the classification for an area that provides appropriate transition between industrial and residential uses. § 23.34.094 Seattle Municipal Code
- (d) **Industrial General C:** IGC is a classification designed to encourage the mix of commercial and industrial activities. § 23.34.096 Seattle Municipal Code

The height limitation explained above typically is the paramount size limitation within most of the land use zones established by SMC 23.30.010. Others include lot line setbacks, site coverage ratios and floor area ratios. Parking requirements also serve to limit building bulk on a given site, thereby providing adequate light, air, access, and open space. Setbacks are generally required only when a proposed development in a commercial zone abuts or is across an alley from a residentially zoned lot. In the IG1, IG2, IGB and IC zones, the location of onsite parking is unrestricted.

### DESCRIPTION OF SUBJECT IMPROVEMENTS

The subject improvements consist of a 111,236 SF masonry building constructed in 1969 and remodeled in 1996. The owner occupies the building for storage of fiberglass pipes, cement, sands and other materials related to the ready mix activities of the company.

The building consists of poured-in-place concrete construction. There is one story with multiple grade level access at the north end, dock level access on the west side and rail car dock access on the east side. The exterior walls are of concrete construction with a flat gray paint finish. Windows are single-paned in steel casement frames. Interior finish and fenestration is minimal. Water closets and sinks are available. Heating is minimal, provided by ceiling mounted, gas-fired space heaters. The building is not insulated.

Approximately  $\pm 2,752$  SF are utilized as offices. Each office has two levels, a floor level and a mezzanine level. One is  $\pm 1,792$  SF with  $\pm 896$  per level and is utilized. The other is  $\pm 960$  feet,  $\pm 480$  SF per level as is not utilized as an office at the time of inspection. It appears to be utilized as a storage area for office and other equipment. The remaining space is  $\pm 54,788$  SF of open warehouse with  $\pm 24$  foot ceilings, 17 12' X 12' doors and 3 16' X 14' doors around the perimeter of the building.

For purposes of this analysis, the subject facility has been valued for the client "as is" to evaluate the opportunity to purchase the building.

General Construction Details for the subject building is as follows:

Foundation:	Poured concrete slab.
Frame:	Reinforced Steel and Concrete
Exterior Walls:	Poured in place Concrete.
Roof:	2" X 6" tongue and groove with reinforced concrete, 6' X 12' purling and trusses. The roof slopes inward with drainage from the center.
Interior Walls:	Taped and painted gypsum board and both painted and unpainted concrete
Windows:	Single paned windows.
Doors:	Heavy plate commercial, solid core wood
Heating	Space heaters and heat pump
Plumbing:	Minimal water closets, sinks

## **AMERICANS WITH DISABILITIES ACT:**

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of ADA in estimating the value of the property.

The Americans with Disabilities Act (ADA) gives civil rights protection to individuals that are like those provided to individuals on the basis of race, sex, national origin, and religion. It guarantees equal opportunity for individuals with disabilities in employment, public accommodations, transportation, State and local government services, and telecommunications.

### **Public Accommodations**

- ♦ Public accommodations such as restaurants, hotels, theaters, doctors' offices, pharmacies, retail stores, museums, libraries, parks, private schools, and day care centers, may not discriminate on the basis of disability, effective January 26, 1992. Private clubs and religious organizations are exempt.
- ♦ Reasonable changes in policies, practices, and procedures must be made to avoid this discrimination.
- ♦ Auxiliary aids and services must be provided to individuals with vision or hearing impairments or other individuals with disabilities so that they can have an equal opportunity to participate or benefit, unless an undue burden would result.
- ♦ Physical barriers in existing facilities must be removed if removal is readily achievable (i.e., easily accomplishable and able to be carried out without much difficulty or expense). If no, alternative methods of providing the services must be offered, if those methods are readily achievable.
- ♦ All new construction in public accommodations, as well as in "commercial facilities" such as office buildings, must be accessible. Elevators are generally not required in buildings under three stories or with fewer than 3,000 square feet per floor, unless the building is a shopping center, mall, or professional office of a health care provider.
- ♦ Alterations must be accessible. When alterations to primary function are made, an accessible path of travel to the altered area (and the bathrooms, telephones, and drinking fountains serving that area) must be provided to the extent that the added accessibility costs are not disproportionate to the overall cost of the alterations. Elevators are required as described above.

- ♦ Entities such as hotels that also offer transportation generally must provide equivalent transportation service to individuals with disabilities. New fixed-route vehicles ordered on or after August 26, 1990, and capable of carrying more than 16 passengers, must be accessible.
- ♦ Public accommodations may not discriminate against an individual or entity because of the known disability of an individual with whom the individual or entity is known to have a relationship or association.
- ♦ Individuals may bring private lawsuits to obtain court orders to stop discrimination, but money damages cannot be awarded.
- ♦ Individuals can also file complaints with the Attorney General who may file lawsuits to stop discrimination and obtain money damages and penalties.

For additional information contact:

Coordination and Review Section  
Civil Rights Division  
U.S. Department of Justice  
P.O. Box 66118  
Washington, DC 20035-6118

(202) 514-0301 (Voice)  
(202) 514-0381 (TDD)  
(202) 514-0383 (TDD)

### **CONDITION AND FUNCTIONAL UTILITY**

The subject property is consists of a masonry industrial building housing a single user, the owner. The layout and design of the current improvements are typical of the neighborhood, in which older buildings comprise a large portion of the commercial space. The subject improvements have been somewhat upgraded and maintained in a manner that permits them to compete in the market. The effective age of the subject improvements is considered to be approximately 30 years with a typical economic life of about 55 years.

Functional utility of the property appears to be generally good. The level of finish appears to be typical of the comparable sales and rental properties analyzed in the subject and surrounding neighborhoods. The subject is considered to be compatible with the surrounding mixed land uses. Overall, the subject property compares favorably and should continue to function well compared with other older comparable industrial and office use facilities in the subject neighborhood.

### HIGHEST AND BEST USE

Highest and best use is defined by the 11th Edition of "The Appraisal Of Real Estate" as, *"the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."* The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.

The highest and best use of a property is an economic concept that measures the interaction of the four criteria. The determination of a property's highest and best use is a critical appraisal component that provides the valuation framework upon which comparable market information is derived. Such comparable data includes cost, sales, and income and expense data, when appropriate, pertaining to the property's concluded best use.

Implied within these definitions is recognition of the contribution of specific uses to community environment or to community development goals in addition to wealth maximization of individual property owners. Also implied is that the determination of the highest and best use results from the appraiser's judgment and analytical skill and that the use determined from analysis represents an opinion, not a fact to be found. In appraisal practice the concept of highest and best use represents the premise upon which value is based. In the context of most probable selling price, fair market value, another appropriate term to reflect highest and best would be probable use. In the context of investment value, an alternative term would be most profitable use.

To render a reliable use and value estimate, the highest and best use of the property as if vacant must be considered separately from the highest and best use of the property as improved. This is because the site must be valued as though vacant and available for development to its highest and best use even if the property's existing improvements do not represent the highest and best use of the site. The following discussions separately relate highest and best use consideration of the subject as though vacant and as improved followed by supporting analyses and conclusions.

It should be recognized that in cases where a site has existing improvements on it, the Highest and Best Use may be determined to be different from the existing use.

Our investigation leading to a conclusion of Highest and Best Use was designed to simulate the actions and thinking of prudent and knowledgeable purchasers and pursued the following logical sequence:

1. **Legally Permissible:** What uses are permitted by zoning and deed restrictions.
2. **Physically Possible:** How does the size, shape, terrain, soil conditions, and accessibility of a parcel of land affect its physical utility and adaptability.
3. **Financially Feasible:** What possible and permissible uses will produce a positive return to the owner of the site.
4. **Maximally Productive:** Of the financially feasible uses, the use that produces the highest residual land value consistent with the rate of return warranted by the market for that use is the highest and best use.



The purpose of this section, therefore, is to analyze alternative uses of the subject site as to ascertain which single or possible combination of complementing uses would prove most profitable to the owner, based on present market behavior.

### **SUBJECT SITE "AS VACANT"**

The subject property is zoned IG1-85', General Industrial, and can legally be developed with a variety of commercial, manufacturing and light industrial uses. A zoning change for the subject is considered unlikely in the foreseeable future. The subject site area of approximately 111,236 SF would physically allow most of the legally possible options. With the allowable 85' height under the existing zoning, a use capable of exploiting this zoning designation would be likely. Due to the location of the subject property on a major arterial in a relatively close-in neighborhood, the most financially feasible use would be a use that exploited the zoning, location and river views such as a mixed use, light industrial and office development. Therefore, a mixed-use development would likely generate the highest net return to the land and is therefore considered to be the maximally productive and highest and best use of the subject site as if vacant.

### **Legally Permissible Use:**

The Zoning District designation by the City of Seattle for the subject parcel is IGU1-85', Industrial General with water or rail access. The purpose of this zone is to provide regulations covering existing industrial areas.

Land use and zoning in the City of Seattle is governed by Titles 23 (Land Use Code) and 24 (Zoning and Subdivisions (Reserved), Zoning Maps, and Index) of the Seattle Municipal Code. The subject is zoned IG1U-85'. This is a permissive use of the General Industrial classifications and applies specifically to outside of Seattle's downtown and CBD that already exist as manufacturing and industrial uses served by waterways and or railroad. "I" indicates "Industrial", with the "1" indicating its specific application to being served by waterway or railroad. The "-85'" suffix indicates that the maximum allowable building height is eighty-five (85') feet at this location.

The Subject property appears to be in conformity with all zoning requirements.

### **Physical Use:**

The subject site is level and at the street grade on 1<sup>st</sup> Avenue S. with excellent access to 1<sup>st</sup> Avenue S., 4<sup>th</sup> Avenue S. East Marginal Way, Michigan Street, the First Street bridge and I-5; all are major arterioles and distribution routes for the region. All utilities are available for development. Neighboring property uses are light industrial, warehouse and manufacturing. As a result it is physically possible to develop the site to any of the legal uses.

### **Financially Feasible Use:**

A full feasibility study would be required to determine which of the permitted uses would be maximally productive for the subject site. Short of that, it is possible and reasonable to assume

that any of the legal uses that are expected to produce a positive return are regarded as financially feasible. In consideration of the permitted uses for the subject site, it is our opinion that the current use is the highest and best use however a future use may include a multi-use facility for industrial office.

### **Maximally Productive Use:**

Considering the subject's overall location in the surrounded by numerous commercial and retail uses, the maximally productive use of the site, "if vacant" would be a mixed use industrial storage, warehouse, distribution, light manufacturing or office for multi-tenants. Any development should take into account specific market demand and growth trends as well as general and specific absorption rates in the area.

### **SUBJECT SITE "AS IMPROVED"**

The subject property improvements currently consist of a single use industrial building utilized in a single use occupancy configuration. The current configuration could appeal to tenants requiring the volume of space offered by the subject. Alternatively, a relatively low cost partitioning of the space would facilitate multi-tenant utilization that could garner a higher rent per square foot and utilize the parking area more effectively. A full feasibility study would be required to determine the appropriate mix and configuration for this type of renovation. Therefore, the current use of the subject improvements is considered to reasonably represent the highest and best use of the subject property as improved for the interim until that time when an addition to the property or redevelopment could be economically accomplished.

The 5 possible options for the subject as improved are:

1. Demolition
5. Conversion to a different use
3. Renovation
4. Addition
5. Remain "as is"

**Demolition** to a different use option is eliminated since current improvements are in average condition, contribute a large portion to the current value of the subject and the fact that warehouse space is considered one of the maximally productive uses of the subject site "As Vacant".

**Conversion** to another use such is a legally possible option. However, because the condition and design of the current improvements such a conversion is not considered feasible.

**Renovation or addition** are not considered necessary or feasible as the improvements have not been well maintained and do suffer from some functional and external obsolescence.

Allowing the current improvements to **remain "as is"** is considered to be the best option as they have been well maintained and do not suffer from any functional or external obsolescence.

All of the above options are legal and physically possible however the only financially feasible option appears to be to exercise the demolition option and either sell or develop.

### **HIGHEST AND BEST USE**

The above analysis for the subject site "as improved" indicates that leaving the improvements

as is legally permissible, physically possible, financially feasible and yield the highest positive return to the subject site. A continuation of its current use is therefore its highest and best use as improved.

### MARKET EXPOSURE TIME

Interviews with owners of properties similar to the subject, and with real estate brokers and leasing agents who concentrate their brokerage activities in this property type, indicate steady demand for space such as the subject. The following was derived from the past 5 years of warehouse sales for which marketing time was available for King County transactions. A market exposure time of 1 months to 24 months for leasing of the space and approximately 1 to 36 months for selling. These market exposure times are supported by the following comparable building sales in King County. The average is 3-9 if the one 36 month market time is dropped off and 8.4 month average if left in the array.

Property	Address	APN	Sales Date	Market Time
Warehouse	2019 120 <sup>th</sup> NE Bellevue	282505921308	08/07/98	2 Mos.
Warehouse	3201 1 <sup>st</sup> Avenue S., Seattle	7666207420	04/30/96	2 Mos.
Warehouse	637 Lucile, Seattle	172280022309	10/16/97	6 Mos.
Warehouse	403 Lund Road, Auburn	132104910105	10/31/97	4 Mos.
Warehouse	851 Milwaukee Ave N, Algona	030151005003	05/28/97	36 Mos.
Warehouse	7417 4 <sup>th</sup> Ave S., Seattle	7327906465	01/02/96	9 Mos.
Warehouse	1024 E. Pike Street, Seattle	6003500445	07/17/95	3 Mos.
Warehouse	1930 116 <sup>th</sup> Ave NE, Bellevue	2825059276	03/29/96	1 Mo.
Warehouse	7417 4 <sup>th</sup> Ave S., Seattle	7327906465	01/02/96	9 Mos.
Warehouse	5200 Denver Ave S., Seattle	508440007005	04/18/95	12 Mos.